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C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 001135

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SUBJECT: NIGERIA: FUEL STRIKE SLOWS COUNTRY

REF: (A) ABUJA 1091 (B) ABUJA 1107

Classified by Ambassador Howard F. Jeter; Reasons 1.5 (B) and (D).

1. (U) Summary: The promised nation-wide strike by the Nigeria Labour Congress (NLC) over fuel price increases began June 30. While the strike did not completely shut down the country or any of its major cities, streets throughout Nigeria were less busy than normal, as many workers stayed home. A protest at the Federal Secretariat in Abuja was broken up by tear gas and police reportedly arrested some of the demonstrators. Minor, scattered violence by strike sympathizers has been reported, but we have no reports of fatalities or significant property damage. Domestic flights were canceled in the morning but some resumed in the afternoon. Meanwhile, talks continue between the NLC and the GON. NLC officials remain adamant that the strike will continue until the fuel price increase is reduced. Thus far, the GON has characterized the price increase as non-negotiable. This confrontation continues to present an opportunity for Obasanjo's political opponents to press their grievances by riding labor's coat-tails. End Summary.

NLC Follows Through on Strike Threat -----

2. (U) Last-minute negotiations between the NLC and GON failed over the weekend, and on June 30 the NLC went forward with the nation-wide strike. The NLC refused to obey a federal court injunction issued in Lagos enjoining the strike.

Crude Still Pumping -----

3. (U) The National Union of Petroleum and Natural Gas Workers (NUPENG) officials reported June 30 that both upstream and downstream workers are on strike. Chevron officials say only 10 percent of Chevron's Lagos workforce reported for work, but claim business as usual at its Escravos facility. Mobil's head office is open and appears to be normally staffed; however, some workers did not report at its Apapa, Lagos, facility. An oil service representative in Port Harcourt reported business as usual. There, union leaders have told workers to support the strike yet ensure that all essential work is performed.

Lagos Domestic Airport Closed; Streets Quiet -----

4. (U) In Lagos, streets were much quieter than usual for a Monday. Although among the most vocal opponents to the fuel price increases, transportation workers and owners continue to ply the streets, but in far fewer numbers than usual. Gas stations and banks in Lagos were reported closed or operating with mostly management-level staff. Observers report that many other businesses are closed either because workers could not get to the office or stayed home for fear of violence.

5. (U) The NLC had roadblocked many of the arteries to Lagos domestic airport. Most domestic flights were canceled this morning because jet-fuel deliveries were delayed, but some flights resumed in the afternoon. International flights to Lagos arrived this morning as scheduled.

6. (U) Scattered violence was reported on Lagos' mainland, including barricaded streets and burning tires. Columns of police marching toward major demonstration points have been reported in Lagos.

Police Disperse Demonstrations in Abuja

17. (U) In Abuja, NLC members and strike sympathizers disrupted the morning commute by blocking major roads into the capital with vehicles and burning tires. Over 1,000 protesters rallied in front of the Federal Secretariat early in the day. By mid-morning, Police used tear gas to disperse the crowd; some protesters were arrested. Two journalists were also arrested at the rally, but have reportedly been released.

Other Cities Quiet

18. (U) In Kano, over 2,000 students and workers protested the fuel price increase by marching on Government House; however, no violence was reported. In Kaduna, Katsina and Zaria public transport operators stayed home and observers describe the cities as ghost towns. Observers reported some fighting between strikers and police in Asaba, capital of Delta State early in the day. According to reports, Asaba is now calm but traffic and business remains subdued.

NLC Officials Call Strike A Success

19. (U) Senior NLC officials told Econoff that they were satisfied with workers' adherence to the strike on its first day. NLC General Secretary John Odah said by bringing the country to a standstill, President Obasanjo has no choice but to negotiate with labor. Odah added that the NLC would likely meet Obasanjo this afternoon; he was unsure whether the NLC and GON could reach an agreement. Before the NLC would halt the strike, he added, the GON must rescind the fuel price increase and enter into a dialogue with labor over any proposed fuel price increase. The GON would then have to explain to labor why the four GON-operated oil refineries are operating at less than 50 percent capacity or not at all, Odah concluded.

110. (U) Post transmitted a message on the warden system notifying U.S. citizens to exercise caution due to increased tensions caused by the strike. No incidents involving U.S. citizens have been reported.

Comment

111. (C) On its first day, the strike did not bring the country to a halt. However, worker obedience was substantial and widespread. The strike has caused disruption because of this initial relative success, and therefore, has a chance of gaining traction. Conversely, it also could fizzle in two or three days. Much will depend on the lessons the GON and NLC learn this first day and on their perception of which of them has the upperhand.

112. (C) A meeting between the President and Oshiomhole was scheduled later today. Oshiomhole - recently disparaged in a major newspaper as a "former labor leader and the current Special Advisor to the President on Strike Matters" - is in a difficult situation. He must balance his political affinity to the Government with his obligation to the millions of workers he represents. The strike presents a new opening for Obasanjo's opponents to press their grievances over the April elections. Barely one month into his new Administration Obasanjo has taken a major step toward economic reform but one that is politically unpopular. Should workers continue to strike, Obasanjo might have to partially relax this economically warranted move to get a political respite. End Comment.
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